

Message Text

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PAGE 01 CAIRO 08110 121044Z

17

ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-05 L-01

NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02 SS-20

USIA-06 EB-04 COME-00 INT-05 DRC-01 /067 W

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R 120918Z OCT 74

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 9531

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E.O. 11652: N/A

TAGS: BTIO, EG

SUBJECT: MAJOR INVESTMENT BY UNION CARBIDE

REF: STATE: 220958

1. WHILE GOE HAS HAD CONSIDERABLE DIFFICULTY IN SORTING OUT ITS PRIORITIES IN FIELD OF DEVELOPMENT AND INVESTMENTS, EMBASSY BELIEVES THAT POTENTIAL MAGNITUDE OF PETROCHEMICAL PROJECT WHICH IS CURRENTLY UNDER DISCUSSION WITH UNION CARBIDE (ABOUT \$750 MILLION) WILL INSURE HIGH-LEVEL ATTENTION TO AND INTEREST IN THE PROPOSALS BEING MADE.

2. IT IS FAR MORE DIFFICULT TO ASSESS WILLINGNESS AND ABILITY TO GRAPPLE WITH QUESTION OF LONG-TERM ASSURED NAPHTHA SUPPLY, PARTICULARLY SINCE EXTERNAL FACTORS BEYOND EGYPT'S CONTROL MAY WELL BE A MAJOR CONSIDERATION. CARBIDE SHOULD BE IN A FAR BETTER POSITION TO JUDGE THE SITUATION. NEVERTHELESS, IF ALL OTHER ASPECTS OF THE PROJECTED INVESTMENT ARE SUFFICIENTLY ATTRACTIVE, WE BELIEVE THAT THE GOE WOULD BE PREPARED TO UNDERTAKE SERIOUS EFFORTS TO FACILITATE ACQUISITION OF THE NAPHTHA FROM OTHER ARAB SOURCES. WE ARE LESS SURE THAT PROVISION FROM LOCAL SOURCES WOULD BE AS ATTRACTIVE TO THE EGYPTIANS SINCE THEIR PRESENT EMPHASIS IN INDUSTRIAL DEVELOPMENT APPEARS TO STRESS VERY

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HEAVILY THE USE OF THEIR RAW MATERIALS TO PRODUCE AND

EXPORT FINISHED GOODS. EGYPTIANS MAY, OF COURSE, BE
EXPECTED BARGAIN FIERCELY TO GET NAPHTHA REQUIRMENTS
REMOVED OR AT LEAST REDUCED.
EILTS

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Message Attributes

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Disposition Approved on Date:
Disposition Authority: shawdg
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